

March 22, 2023
Labor and Industry Finance and Policy Committee
Minnesota House of Representatives
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Dear Chair Nelson and the House Labor and Industry Finance and Policy Committee:

Thank you for the opportunity to provide testimony in support of the HF 2336 author's amendment to establish the Minnesota Climate Innovation Finance Authority. The Union of Concerned Scientists (UCS) is a national nonprofit organization dedicated to advancing science-based policy solutions. UCS has more than 500,000 supporters, including over 6,400 in Minnesota.

UCS supports climate and clean energy financing as powerful tools for boosting state economies and saving consumers money.¹ Entities such as the proposed Minnesota Climate Innovation Finance Authority have a demonstrated track record of success. They are operating in numerous states and local communities across the United States. According to the Coalition for Green Capital, a record \$4.64 billion was invested in clean energy projects in 2022, with \$1.51 billion in public spending leveraging \$3.12 billion in private capital, and \$1.2 billion invested in low-income and disadvantaged communities.² Additionally, since 2011, there has been a total of \$14.85 billion cumulative investment, including \$4.2 billion of public capital and \$10.66 billion of private capital, meaning \$2.54 in private spending for every \$1 of public spending.³

Significant capital is needed to achieve Minnesota's climate and clean energy targets. Additionally, entities such as the Minnesota Climate Innovation Authority can help support underserved markets and technologies and strategies that deliver the greatest emissions reductions as equitably as possible. Finally, the Authority can also enhance Minnesota's ability to receive federal funding and incentives.

UCS offers the following recommendations for consideration as this bill moves forward:

¹ See generally, *Financing Clean Energy: A Powerful Tool for Boosting State Economies and Saving Consumers Money*, Union of Concerned Scientists (2015). Online at <https://www.ucsusa.org/resources/financing-clean-energy>.

² Coalition for Green Capital, *Green Banks in the United States: 2022 U.S. Green Bank Annual Industry Report* (March 2023). Online at https://mcusercontent.com/3e3337737c870aa879b2ef144/files/58657110-26b4-3ee5-a3e4-45fda1bb6594/CGC_Consortium_AnnualReport.01.pdf.

³ *Id.*

- In Section 1, Subdivision 1(a), after “low-income” add “environmental justice, and/or disadvantaged communities.”
- In Section 1, Subdivision 1(b)(1), after “clean energy projects” add “in underserved markets.”
- With respect to Section 1, Subdivision 2(m), the list of qualified projects is good, but we suggest adding consideration of projects that specifically improve climate resilience (e.g., clean energy microgrids or water projects).
- In Section 1, Subdivision 4(a)(2), replace “ensure that all financed projects reduce greenhouse gas emissions” with “prioritize projects that reduce greenhouse gas emissions.” Some of the qualified projects listed earlier in the legislation would not necessarily reduce greenhouse gas emissions, at least not directly, but are still worthy of investment.
- In Section 1, Subdivision 4(a)(11), consider expanding low-income communities to also refer to environmental justice and/or disadvantaged communities.

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Thank you for your consideration of these comments and for supporting a clean, equitable energy future for all Minnesotans.

Sincerely,



James Gignac
Midwest Senior Policy Manager
Climate & Energy Program
Union of Concerned Scientists
jgignac@ucsusa.org